

THE SATURDAY INTERVIEW

Bob Funk: Where the Jobs Are—and How to Get One

The man who matches companies with workers talks about the skills gap, the harm from ObamaCare, and the incentive not to work. But he'll still find you a job.

By STEPHEN MOORE

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Oklahoma City

Here's something you don't often see in Washington: a businessman trying to repeal a law that *helps* his company. That's Bob Funk's latest mission in life. He's the president and founder of Express Employment Services, the fifth-largest employment agency in America, with annual sales of \$2.5 billion and more than 600 franchises across the country. This year he will place nearly half a million workers in jobs.

"ObamaCare has been an absolute boon for my business," he says as we sit in his new office headquarters near downtown Oklahoma City. "I'm making a lot of money thanks to that law. We're up 8% this year. But it's just terrible for the country. I see that firsthand every day."

Why is the health-care law good for Express but bad for the country? "Firms are just very reluctant to hire full-time workers," Mr. Funk says. "So they are taking on more temporary help, which is what we do." ObamaCare imposes new mandates and penalties on companies with more than 50 full-time employees—and even those working 30 hours a week are considered full-time.

He quickly adds: "The problem isn't just ObamaCare, though. It's the entire regulatory assault on employers coming out of Washington—everything from the EEOC—the Equal Employment Opportunity Commission hits companies hard when employees claim age, race or sex discrimination—to the Dodd-Frank monstrosity. Employers are living in a state of fear."

Mr. Funk is worth listening to because few people are as intimately connected to the U.S. job market. Express acts as an employment version of Match.com, linking businesses with job seekers. The jobs he fills range from CFOs and trained technicians to secretaries, retail clerks and construction workers. The pay for Express jobs typically ranges from \$13 to \$40 an hour.

On Monday, the company will release a report called "Changing Dynamics" showing how ObamaCare is discouraging full-time employment. Express has previously warned that the declining labor-force participation rate has put at risk Americans' future quality of life, especially for millennials



Ken Fallin

"who have quit looking for work." With millions of people giving up job searches, the U.S. labor-participation rate is the lowest in 35 years.

Mr. Funk is happy to lay out many of the report's themes. Perhaps most arresting is his assertion that "anyone who really wants a job in this country can have one." With 20 million Americans unemployed or underemployed, how can that be?

To land and keep a job isn't hard, he says, but you have to meet three conditions: "First you need integrity; second, a strong work ethic; and, third, you have to be able to pass a drug test." If an applicant can meet those minimal qualifications, he says, "I guarantee I can find employers tomorrow who will hire

you."

He thinks the notion of the "dead-end job" is poisonous because it shuts down all sense of possibility and ambition. One of his lifelong themes, Mr. Funk says, is that "a job—any job—is by far the best social program in America and the ladder to success."

As a near-lifelong Oklahoman, now 73 years old, Mr. Funk wears a cowboy hat and a cheerful disposition. He started his career training to be a Methodist preacher, but he jokes that he was so bad in the pulpit that "after my sermons were over it was like the great awakening." So he turned to business instead, and "now I'm helping workers in this life rather than for eternity."

In 1983 he took out a \$150,000 loan to launch Express, and after a brutal first few years—the oil recession crushed the Sooner State in the mid-1980s and nearly put him out of business—the company has multiplied many times in employment and profitability.

The hundreds of thousands of temporary workers he places in jobs are Express employees. He pays their salary, benefits, and payroll taxes and the firms that hire the workers reimburse Express for those costs plus a commission. This feature of the temporary-worker industry allows companies trying to fill job openings to do so in a way that sidesteps ObamaCare's mandates. After an on-the-job trial of several months, companies often offer the workers permanent positions.

"It's a try it before you buy it model," Mr. Funk explains. The temporary-employment business is booming now because in the fragile economy and, with ObamaCare on the way, companies are skittish about bringing on permanent hires. Some businesses, to remain below the 50-employee level, hire all their additional workers beyond No. 49 through Express. He says other CEOs are so fed up with the new rules that they have asked Express to take over the management of their entire workforce.

Express is also a good indicator of where the U.S. economy is growing and where it's still struggling.

The top job growth is in cities like Nashville, Dallas, Austin, Oklahoma City and Indianapolis—cities without forced union rules, and with a pro-growth regulatory and tax climate. He says Michigan and Wisconsin are two states in the upper Midwest that have "really improved their business climate." The slowest state is still California: "They just raised their minimum wage again—it's just a killer for new jobs."

The primary jobs problem today, Mr. Funk says, is that too many workers are functionally unemployable because of attitude, behavior or lack of the most basic work skills. One discouraging statistic is that only about one of six workers who comes to Express seeking employment makes the cut. He recites a company statistic that about one in four applicants can't even pass a drug test.

"In my 40-some years in this business, the biggest change I've witnessed is the erosion of the American work ethic. It just isn't there today like it used to be," Mr. Funk says. Asked to define "work ethic," he replies that it's fairly simple but vital on-the-job behavior, such as showing up on time, being conscientious and productive in every task, showing a willingness to get your hands dirty and at times working extra hours. These attributes are essential, he says, because if low-level employees show a willingness to work hard, "most employers will gladly train them with the skills to fill higher-paying jobs."

He fears that too many of the young millennials who come knocking on his door view a paycheck as a kind of entitlement, not something to be earned. He is also concerned that the trendy concept of "life-balancing" is putting work second behind leisure.

"I guess I'm a little prejudiced to the immigrants and especially Hispanics," he says. "They have an amazing work ethic. They don't want handouts and are grateful to have a job. Our company has a great success rate with these workers." This focus on work effort is seldom, if ever, discussed by policy makers or labor economists when they ponder what to do about unemployment. To most liberals, the very topic is taboo and is disparaged as blaming the economy's victims.

When pressed to explain what Washington can do to get Americans back on the job, Mr. Funk says the first step would be to start shrinking the "vast social welfare state programs that have become a substitute for work. There's a prevalent attitude of a lot of this generation of workers that the government will always be there to take care of them. It's hard to get people to take entry-level jobs when they can get unemployment benefits, health care, food stamps and the rest."

This week during the food-stamp debate in Congress, Democrats voted unanimously against work requirements and ridiculed Republicans who suggested that the expansion of food stamps to 47 million Americans has discouraged working. The Democrats are living in a fantasy world, according to Mr. Funk. He points to Congress's decision in 2009 to increase unemployment-insurance benefits to 90 weeks or more as "a policy that held a lot of people out of the workforce until the checks stopped coming. We saw that here very clearly."

The most abused government program, he says, is disability insurance and the 14 million Americans who now collect these benefits. Express has found that over half of the disability claims brought by its workers have turned out to be fraudulent. "We win 90% of the disability cases that we

challenge in court," Mr. Funk says.

Another big hurdle is the widening skills deficit. At any given time, Mr. Funk says, Express has as many as 20,000 jobs the company can't fill because workers don't have the skills required. His advice to young people who are looking for a solid career is to get training in accounting (thanks to Dodd-Frank's huge expansion of paperwork), information technology, manufacturing-robotics programming, welding and engineering. He's mystified why Express has so much trouble filling thousands of information-technology jobs when so many young, working-age adults are computer literate.

He blames public schools and universities for the skills mismatch. Young people looking for a financially secure future might want to heed one of his favorite pieces of cautionary advice: "If you've got a college degree in psych, poly-sci or sociology, sorry, I can't help you find a job." He urges greater emphasis on vocational and practical skills training in schools, universities and junior colleges.

With so many ideas about how to help get the country on track, Mr. Funk might seem ripe to enter politics, but he already made one electoral foray—he was a local school-board member for 11 years—and found it an exercise in pure frustration. Bringing his pay-for-performance values to the board, he spent years futilely trying to get rid of bad teachers and to reward "the 30% that are really good."

He says "teacher tenure is by far the most corrupt social institution in our time, because it doesn't reward excellence or weed out bad teachers." The teachers union had operational control of the school board, and Mr. Funk couldn't get them to budge. He says the union celebrated when he left the board.

If Bob Funk's warnings about unemployment and the jobs market are accurate, then almost everything Washington is doing to address the problem is either beside the point or counterproductive. And the ObamaCare-driven march toward the 30-hour workweek continues. "Our franchises across the country are seeing a definite demand for more part time workers," he says.

How will American companies keep up with competitors in Asia, where employees often work 50 and 60 hours a week? Mr. Funk predicts that the temporary-employment industry could nearly double its share of the U.S. workforce, to about 4%, after ObamaCare fully takes effect. That's good for him, but awful for America.

Mr. Moore is a member of the Journal's editorial board.

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